



U.S. Commercial Service Market Brief
Featuring
Liu Yang, Senior Commercial Specialist
U.S. Commercial Service, Shenyang

China Agriculture Machinery Market

Interviewed by Doug Barry, Senior International Trade Specialist
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Doug Barry: What are the prospects of U.S. producers selling millions, maybe even billions of dollars of agricultural machinery to China? That's the question for this edition of U.S. Commercial Service Market Brief.

Hello. I'm Doug Barry in Washington. On the line with me today is Ms. Liu Yang, a Senior Commercial Specialist with the [U.S. Commercial Service at the United States Consulate in Shenyang](#) located in northeast China.

We're going to discuss the agricultural machinery market in China specifically the northeast region. Ms. Liu I understand that currently China's agricultural market with full support from the Chinese Government is undergoing a big transition from traditional to modern farming.

This shift to farming mechanization is expected to present many opportunities for U.S. agriculture machinery producers. With the northeast region being recognized as one of the most important agricultural regions in China, a breadbasket, we invite your expertise and insight on this topic.



Tell us now, how is the agricultural machinery market in northeast China structured?

Liu Yang: The northeast region is one of China's major agriculture business in production areas. Just to give you a few number, northeast China's agriculture output was about 11% of China's and its grain output was more than 15% of the country.

Of the total 16 types of major agriculture products in China, northeast is one of the key production regions for 11 of them which are rice, wheat, corn, shabel, potato, apple, sheep, beef cattle, dairy cattle, wine and the seafood for the export purpose.

The types of agriculture machinery from in this region are mostly determined by the types of these agriculture products from the central Government level to optimize the industry structure and to reserve the natural and environmental results.

The Ministries of Agriculture and Finance and at the National Development and Reform Commission has issued a national promotional catalog for agriculture machinery which also provides the reference for China to select companies and machinery to be listed on the national subsidizing list.

Doug Barry: Now Ms. Liu, you told me that you just had breakfast and what did you have?

Liu Yang: I had - I had some noodles this morning and green bean shoots with that.

Doug Barry: And are the noodles wheat noodles or rice noodles?

Liu Yang: Wheat noodles.

Doug Barry: And a machine must have been involved in cutting that wheat.

Liu Yang: I would guess so.



Doug Barry: And maybe next year at this time you'll be eating noodles from wheat that are cut by U.S. machinery.

Liu Yang: Oh that would be great. We look forward to it.

Doug Barry: Well what is the best way for U.S. farm equipment producer such as the threshers needed to help cut the wheat to position itself in China? And, you know, we've been reading that you need a local Chinese partner in order really to get into the market.

Liu Yang: Okay. To your first question, the U.S. farm equipment has enjoyed a good reputation in China but has also faced the strong competition from European and Japanese companies as well as the domestic companies who have the advantages of lower labor costs in China and that the government subsidizes.

To your second question, yes, as the business practice sometimes in China might be very different from other countries. It is important that U.S. Companies can work with local partners in developing and maintain business contacts and identifying trade opportunities working out important procedures in providing timely after sales surveys.

A local partner can be a sales distributor or agent, a representative office or a general manager partner.

Doug Barry: Okay. And you mentioned competition from the Japanese, from the Europeans and even from some local manufacturers. What then do the United States producers have going for them and what makes it likely that they'll be able to successfully compete there?



- Liu Yang: Well, China will keep its efforts on the agricultural mechanization for grain and has also extended support to economic crops and forestry, husbandry and fishery. We believe the U.S. agriculture machinery for the above sectors especially those that are high horsepower and precision machinery producers including the pre and postproduction machinery, I expect it to be in the highest of demand.
- Doug Barry: Good. So the American brands are well known and respected among the buyers.
- Liu Yang: Yes.
- Doug Barry: And how about the issue of [intellectual property protection](#)? We understand that there have been some concerns here in this country and around the world about the willingness and ability of China to protect the copyrights and patents and trademarks of foreign producers. What do you advise U.S. Companies to do in order to protect themselves in the China market?
- Liu Yang: Yes, you are right that we advise it is always important for the U.S. Companies to protect their intellectual property rights as the first step. Other than that, before entering the China market, the U.S. Company should also understand the China industry standards as well and also some other relevant requirements to access the market.
- So the U.S. Companies before working with local partners, they should take the time to conduct the seller due diligence. They should know their local partner's history, reputation, business credit conditions and mostly importantly they should feel that their local partner is someone that they can trust.
- Doug Barry: Then of course, the next obvious question is how do you perform that due diligence? I'm sitting here in Washington, D.C. and I can't see Shenyang from my back porch.



It's a long way away. Can you help U.S. Companies perform this kind of due diligence and introduce them to partners and do background checks on them?

Liu Yang: Yes, actually, not only in China but also in other places in the world, we provide something that's called the [International Company Profile](#). It helps the U.S. exporters to understand some business credit, financial background of their potential business partners.

So the new to market exporters they could always contact the nearest [U.S. Export Assistance Center](#) and those Centers could put them in touch with us after getting some basic details. And we will provide such reports to the U.S. Companies.

Doug Barry: Great. So our listeners then can contact their local Export Assistance Center by going to [export.gov](#), the Commercial Service web site, or by calling the Trade Information Center of the U.S. Department of Commerce at 1-800-USA TRADE. Suddenly I'm feeling a whole lot better about doing business in Shenyang.

Liu Yang: Great.

Doug Barry: And could you tell us a little bit about an upcoming Webinar that you're office is going to host?

Liu Yang: Yes. The purpose of this [Webinar](#) is to introduce the development of the agriculture machinery market including the challenges and the opportunities in China in the northeast region.

This Webinar will cover the points we have just discussed in more detail and we will also provide U.S. Companies with basic market data and the reference for them to understand the market better or formulate plans and strategies to enter the market and expand their business.



- Doug Barry: All right Liu Yang. And I wonder as a last point here before we say goodbye if you could tell us what you're going to have for lunch.
- Liu Yang: Well I'm planning to have some corn.
- Doug Barry: Corn?
- Liu Yang: That's healthy and as you will learn from our upcoming Webinar that northeast is one of the corn production centers in China.
- Doug Barry: You're promoting your services every chance that I give you; rather shamelessly.
- Well corn and of course corn requires machines, doesn't it?
- Liu Yang: Yes.
- Doug Barry: Well great. So anybody out there in the audience who makes machines that cuts corn...or other crops, you've got some great opportunity over there in northeast China and I hope you'll take advantage of it. And so thank you very much for joining us today and giving us a rundown on your very healthy diet there.
- Liu Yang: Thank you. Thank you for your time.
- Doug Barry: And we hope to see you again in Shenyang or here in the United States. So once again, that was [Liu Yang, a Senior Commercial Specialist](#) of the U.S. Commercial Service in Shenyang. We thank her very much and her colleagues there in China.



And this is Doug Barry in Washington on behalf of all of my colleagues in China, United States and around the world, thanks for listening and we hope to see you again soon on another Commercial Service market brief. Thank you.

Liu Yang: Thank you. Bye.

Liu Yang: Bye.